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Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 AGRE-00 L-03 /079 W
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R 070838Z JUL 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 2068

C O N F I D E N T I A L MANILA 10459

E.O. 11652: GDS
TAGS: ETRD, RP
SUBJECT: SUGAR: DEVELOPMENTS IN PHILIPPINE SUGAR INDUSTRY

REF: (A) MANILA 9729; (B) MANILA 10291, (C) MANILA 10289

1. DURING DISCUSSIONS WITH ARTURO TRINIDAD, VP IN CHARGE OF SUGAR FOR PHILIPPINE NATIONAL BANK (PND), EMBOFF WAS TOLD THAT ORGANIZATION OF PHILIPPINE SUGAR COMMISSION (REPORTED REF. A) WOULD PROBABLY PROCEED VERY SLOWLY SINCE IT APPEARED THAT PRESIDENT MARCOS WAS HAVING DIFFICULTY NOMINATING KNOWLEDGEABLE INDUSTRY FIGURES TO FILL ASSISTANT COMMISSIONER JOBS. MEANTIME PHILIPPINE NATIONAL BANK IS STILL HANDLING SUGAR CONTRACT NEGOTIATIONS, SUCH AS THE RECENT TALKS WITH THE IRAQUIS (REF B).

2. TRINIDAD STATED THAT THE PND IS PREPARING A COM-PREHENSIVE BRIEFING MANUAL SO THAT PNB (AND PHILEX) WILL BE ABLE TO TRANSFER THEIR SUGAR RESPONSIBILITIES TO THE COMMISSION SMOOTHLY. PHILEX, WHICH HANDLES OTHER COMMODITIES AS WELL AS SUGAR, WILL CONTINUE IN OPERATION. HOWEVER, ABOUT ONE THIRD OF ITS PERSONNEL (COMPRISING THE SUGAR DIVISION) WILL BE RELEASED OR TRANSFERRED
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TO THE PND OR TO THE NEW COMMISSION.

3. TRINIDAD CONFIRMED THAT THE POSSIBILITY OF ESTABLISH-ING A BANK TO HANDLE SUGAR (REF C) HAD BEEN DIS-CUSSED WITH PRESIDENT MARCOS, BUT NO DEFINITE DECISION HAS YET BEEN MADE. THE PND IS LOSING ITS SHIRT TRADING SUGAR BUT REALIZES A HANDSOME PROFIT

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ON SUGAR TRANSACTIONS SUCH AS LETTERS OF CREDIT, ADVANCE PAYMENTS ON THE PARTICIPATING CONTRACTS, ETC., THE BANK WOULD, THEREFORE, PREFER TO RETAIN CONTROL OF THESE TRANSACTIONS IN POSSIBLE. TRINIDAD COMMENTED, A BIT SOURLY, THAT THE SUGAR BANK WOULD PROBABLY BE ORGANIZED AS SOON AS THE MARKET ROSE AND SUGAR TRADING AGAIN BECAME PROFITABLE.

4. TRINIDAD CONFIRMED PNB'S VIEW THAT PARTICIPATING CONTRACTS WITH UNITED STATES REFINERIES HAVE BEEN LESS PROFITABLE THAN CONTRACTS WITH PRIVATE TRADERS AND OTHER GOVERNMENTS. ALTHOUGH THESE CONTRACTS HOLD A NUMBER OF ADVANTAGES FOR THE PHILIPPINES, GOP IS DETERMINED TO BETTER THE CONTRACT PRICE/WORLD PRICE RATIO. INFORMAL NEGOTIATIONS CONTINUE WITH GREAT WESTERN'S REP IN MANILA, BUT NO SUGAR IS BEING SHIPPED TO THAT COMPANY. SUGAR IS, HOWEVER, BEING SHIPPED TO SUCREST NOW.

5. TRINIDAD CLAIMS THAT AS OF JUNE 30 SUGAR PRODUCTION IN PHILIPPINES IS DOWN 13 PERCENT FROM THE SAME PERIOD IN THE LAST CROP YEAR.
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Message Attributes

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Control Number: n/a
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Disposition Approved on Date:
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